



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 30, 1999

S. 761

Third Millennium Digital Commerce Act

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on June 23, 1999*

S. 761 would preempt state laws that regulate interstate commercial transactions conducted via electronic means (such as contracts with electronic signatures), unless states enact uniform standards equivalent to those specified in the bill. Such a preemption constitutes an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the costs would not be significant and would not exceed the threshold established by the act (\$50 million in 1996, adjusted annually for inflation). As defined in the bill, the term “transaction” would specifically exempt any contract to which a governmental entity is a party. As a result, CBO estimates that the bill would not significantly affect the budgets of state, local, or tribal governments. S. 761 contains no new private-sector mandates as defined in UMRA.

The bill also would require federal agencies to identify laws and regulations that impose barriers to electronic commerce. Finally, S. 761 would require the Office of Management and Budget and the Department of Commerce to submit a report within 18 months recommending legislation to remove barriers to electronic commerce and detailing actions by the federal government to remove such barriers through regulation.

Based on information from the Department of Commerce, CBO estimates implementing the bill would cost about \$500,000 a year, subject to the availability of appropriated funds. S. 761 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

The CBO staff contacts are Shelley Finlayson (for the state and local impact), and Mark Hadley (for federal costs). This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.